

through insurance.

"I lost enough to be aggravated

about it," Potamkin said. "Luckily, we believe in diversification."

up by the Braman family had en-

enough right now.

Isuzu's exit strategy

Depriving dealers of product was brutal, but the troubled Japanese brand may have done other things right while winding down its sales operation

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LOS ANGELES — How to do away with a damaged brand? One way is the Isuzu way: Starve dealers of product over a long period and dribble out the bad news in small doses.

At least it has proved to be a relatively inexpensive way to dismantle a sales network. And in the end dealers didn't complain too much. So is Isuzu's M.O. a template for other carmakers with brands on the bubble?

On Jan. 31, Isuzu stopped delivering new light-duty vehicles to dealerships in North America — a year after announcing it would do so. The remaining 214 Isuzu dealers offer only



Isuzu's Terry Maloney: "I think we did it right for the consumer, the dealer and the company."

parts, service and warranty repairs. Only about half a dozen dealers have cut ties with the company, said Terry Maloney, president of Isuzu Motors America LLC. Two dealers have brought lawsuits, which are pending.

"I think we did it right for the consumer, the dealer, and the company," Isuzu last year booked a ¥4 billion

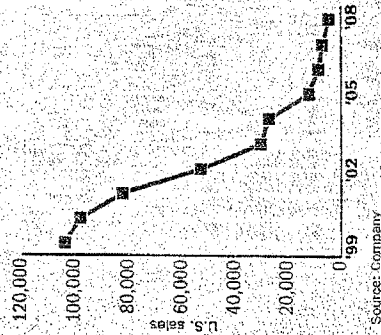
approach may offer a few pointers.

"I do feel Isuzu has created a good model," Maloney said. "The majority of the dealers wanted to continue as service dealers. The dealers who terminated did so for good, sound reasons."

As GM ponders what to do with Saturn, Saab and Hummer — after paying \$1 billion to shut down Oldsmobile earlier in the decade — the Isuzu

Pismal decade

As the product pipeline dried up, Isuzu's U.S. sales dwindled.



Source: Company

(about \$44.5 million at current exchange rates) charge to wrap up its

see ISUZU, Page 26

Saturn dealers to get pared-down list of options for brand

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DETROIT — Late this week, Saturn dealers likely will get a narrowed-down list of options for the troubled General Motors brand.

Last week, GM marketing chief Mark LaNeve said those options included "everything from a new dualing pattern to a spinoff to a partnership to an outright sale."

In a two-day meeting late last week, GM and members of the Saturn Franchise Operations Team narrowed the options. The automaker and franchise team will refine those options and tell Saturn dealers this week, a

Uncertain Saturn

Saturn dealers say questions about the brand's future are hurting sales.

	JAN. '08	JAN. '09	CHANGE
Saturn	15,359	6,172	-59.8%
GM	250,926	128,198	-48.9%

meeting with GM on Friday, Feb. 6. Ingersoll declined to list the specific options. When asked whether one would be shuttering the Saturn brand, Ingersoll was fuzzy.

"Everything is fluid. You can't commit to any option," he said. "I'll say this: You don't need four options to kill a brand."

Ingersoll said GM's decision for Saturn may be disclosed within hours of filing the viability plan.

During GM's sales call Tuesday, Feb. 3, LaNeve said GM hopes to have more clarity for Saturn's future "very shortly." The GM vice president of North American vehicle sales, service and marketing said the Saturn solution is

Customer questions

"Everything's been said," Ingersoll said. "I don't think anyone has said it," says Stuart Lasser, owner of Saturn of Delmar, about 30 miles northwest of Newark, N.J. Lasser is suing GM and Saturn on several counts including violating state franchise laws.

Fernando Somoza, owner of Saturn of Houston and Saturn of Houston Northwest 290, says many customers ask about the brand's future and warranty about warranty service and parts. "It's affecting our sales," he says. "I'm really surprised what will

suppliers eligible for a 26 percent to 1,600 companies in 2008. But Ford purchasing chief

Tony Brown said late Friday he still is less than halfway to his goal of 750.

Brown won't say when he expects to meet that goal. But given the economic crisis, it will happen faster than previously planned, he said.

The industry hasn't seen the peak in the level of distressed suppliers and supplier bankruptcies and insolvencies, he said.

— Amy Wilson

Ford van's sticker: \$21,475

DETROIT — Ford Motor Co.'s new Transit Connect small commercial van will go on sale this summer starting at \$21,475, including shipping. The van, developed in Europe, also will be the basis of the battery electric commercial vehicle Ford plans to sell in 2010.

Ford announced that it is collaborating with Smith Electric Vehicles, a United Kingdom upfitter, to convert the Transit Connect to battery power. The electric Transit Connect will have a range of up to 100 miles, Ford says. Ford will show several versions of the 2010 Transit Connect this week at the Chicago Auto Show.

— Amy Wilson

CLARIFICATION

A story on Page 32 of the Feb. 2 issue cited Volvo's plans to introduce a hybrid vehicle in 2011. Volvo plans to introduce the vehicle in Europe.

CORRECTION

ISUZU

How a brand slowly faded away in U.S.

continued from Page 3

U.S. operations.

John Frith, head of retail channel solutions at dealership consultant Urban Science, said Oldsmobile dealers had to shut down completely.

"Isuzu will keep its service business going for a while," Frith said. "It softens the blow. It's not just turning off the income stream."

"The Isuzu plan works pretty well because it is considering the effect on the dealers," he added. "The manufacturer and dealer group are working together. You need a long enough lead time so you can serve the customer's interest and minimize the impact on the dealer."

But applying the Isuzu model to Saturn would lead to "disastrous legal effects," said analyst Jim Hall of consulting firm 2953 Analytics in suburban Detroit.

"It's not applicable to Saturn," Hall said. "Every Saturn is a standalone. In some cases it is the absolute antithesis of Isuzu. In Saturn's case you would be starving them of a facility."

Long slide

Isuzu's U.S. sales have been on a long slide, plummeting from 103,937 in 1999 to 4,758 in 2008. The company announced it is pulling out after years of difficulty getting new products from Japan.

In 2002, Isuzu's bosses in Tokyo decided to concentrate on commercial trucks in emerging markets and let Isuzu's once-lucrative light-duty vehicle business in the United States



After years of pruning the product lineup, Isuzu dealers were left with only the five-seat Ascender, above, and the i-280 and i-350 small pickups. On Feb. 1, only 418 vehicles were in dealer inventories.

shriveled. After that, Isuzu relied on versions of GM platforms. But in December 2005, GM said it would kill the seven-seat Ascender, which accounted for nearly one-quarter of Isuzu's sales. The Ascender was based on the Chevrolet TrailBlazer platform.

In the end dealers were selling only the five-seat Ascender and the i-280 and i-350 small pickups based on GM's small pickup platform. On Feb. 1, there were only 418 vehicles in dealer inventories.

Isuzu Motors America LLC and Isuzu North America Corp., with headquarters in Cerritos, Calif., have 107 employees to handle service, parts and administrative support. No more layoffs are planned, said Maloney, 60, who has been president of Isuzu Motors America since 2002 and will stay on.

"We will remain here to support our customers and our dealers through-

out," he said.

Dealers have spent the year winding down their new-vehicle sales. Many were sad to lose the brand.

"Isuzu was a very good product. We hated to see it go," said John Jammal, fixed operations director at World Car Isuzu in San Antonio.

World Car signed a five-year agreement to provide parts and service. Jammal expects steady business. Isuzu customers are "maintenance-conscious," he said.

Jammal said he is happy with the way Isuzu wound down the brand.

"With the years of knowing in advance, their response as far as warranty and parts was adequate," he said.

More leeway

Isuzu has given dealers more leeway to approve warranty repairs, Jammal said. Dealers no longer need district-level approval to make re-

pairs above a certain dollar limit though mileage and length of ownership limits remain.

Isuzu's 2003 through 2008 models have a 7-year/75,000-mile powertrain warranty. Models sold after Jan. still carry the warranty starting from the sell date, Maloney said. Dealers also will receive incentives of up to \$9,500 on Ascenders and \$6,000 on pickups sold after Jan. 31.

After announcing plans to end sales, Isuzu offered to pay a signing bonus to retailers who agreed to become service dealers. The company paid bonuses of \$1,000 per vehicle based on the average of the last four years of sales.

"It's not like we will become wealthy," said Roy Greenblatt, who runs three Isuzu dealerships in New Jersey. "But if you're open anyway and you have to do stock parts, it's really easy." **AN**

SALES

After a deep dive, is U.S. market stable?

continued from Page 1

buy automobiles. We're seeing some minor thawing occurring, but it is not nearly enough."

Some of that minor thawing is occurring at GMAC Financial Services, which is starting to lend money to dealers again. Hobbled by a cash-flow crisis in November and December, GMAC wrote virtually no loans for GM car buyers.

In January, GMAC tiptoed back into consumer lending, writing about

Retail floor?

Some automakers and analysts say the U.S. retail sales rate may have hit bottom after stabilizing for the past four months.

	RETAIL SALES, ANNUALIZED RATE
October	8.4 million
November	8.2 million
December	8.2 million
January	8.8 million

Source: J.P. Morgan

5 percent of GM vehicle buyers' loans. Now GMAC is encouraging dealers to apply for consumer loans, and GM executives predict the captive could finance as much as 20

percent of their loans.

But consumer credit generally remains tight, and Ford senior economist Emily Kolinski Morris said industry sales are likely to "limp along" for some months still. Though Ford is counting on improvement during the second half of 2009, she noted that turning points are notoriously difficult to forecast.

"What we're looking for at this point is stabilization," Kolinski Morris said. "You have to stop falling before you can start rising."

Skeptics

Some auto executives are skeptical that a recovery will occur soon. "Right now, we have no sign when the industry can improve, actually,"

said Stefan Jacoby, CEO of Volkswagen Group of America Inc.

And Chrysler co-President Jim Press contends that current sluggish sales are the new norm. With a 55 percent sales decline, Chrysler had the steepest loss of any carmaker in January.

"We need to recalibrate where the market is and stop dreaming about pent-up demand," Press said. "Looking at the economy and taking a realistic view of the credit situation, there's not a lot of reason to think the entire industry is going to have a lot of growth. We want to operate in a conservative manner." **AN**

Richard Truett, Bradford Wernle and April Wortham contributed to this report